

Knoxville's Community Development Corporation



FY 2018 Proposed Operating Budgets

FY2018 Operating Budgets



Operating Budget Process

- Collaborative process between Accounting Division, Program Staff and Management
- Accounting Division: Fixed Costs and some Variable Costs
 - Example: Wages, Interest, Insurance
- Program Staff: Variable Costs
 - Example: Administrative, Maintenance, Utilities, Non-routine
- Managerial Review
- Asset Management Model
 - Project-based accounting and budgeting, fee-for-service model
- HUD Board Resolution: Public Housing
- Other Board Resolutions: Central Office Cost Center (COCC), Section 8, Redevelopment, The Manor, Multi-Family Housing and KHDC (separate agenda)

Public Housing Operating Program



Public Housing Properties by FYE 2018 (2,214 units)

- Western Heights ~ 440 units
- Austin Homes ~ 129 units
- Love Towers ~ 249 units
- Taylor Homes ~ 144 units
- Lee Williams ~ 173 units (2 months only; demolition pending)
- Cagle Terrace ~ 274 units
- Northgate Terrace ~ 277 units
- Montgomery Village ~ 380 units
- Isabella Towers ~ 236 units
- Passport Homes ~ 11 units (6 months only)
- Passport Residences LP ~ 50 units-admin only (6 months only)
- Verandas ~ 42 units (6 months only)
- Five Points Multiplexes ~ 17 units (6 months only)
- Eastport School ~ 25 units and Residences at Eastport LP ~60 units -admin only

Public Housing Operating Subsidy Assumptions

- Subsidy is estimated at \$11,013,400
- Pro-ration was 85% for 2017 Formula
- Pro-ration estimate at 80% for 2018 Formula
 - Revenues include:
 - Subsidy (Property and utility expense level (+) add-ons (-) dwelling rent)
 - Tenant Rent
 - Other Tenant Related Charges
 - Other Income
 - Investment Income
 - Expenses include:
 - Administrative
 - Resident Services
 - Maintenance and Security
 - Utilities
 - Insurance, Other General Expenses, and Capital Replacements

Public Housing Budget

Revenue	\$15,141,590
Expenses	<u>\$14,929,720</u>
Subtotal	<u>\$211,870</u>
Capital/Non-Routine	(\$613,230)
Transfers: RAD conversions	(\$5,859,790)
Write-offs: Passport Res. LP Notes	<u>(\$2,975,180)</u>
Net Income/(Loss)	<u>(\$9,236,330)</u>

Section 8



Section 8

- Programs Include 4,040 units:
 - **Housing Choice Voucher (3,858 Authorized Units)**
 - **Project Based Housing Choice Vouchers (127 units included in above totals)**
 - **Mainstream Vouchers (100 Units)**
 - **Moderate Rehab Programs (82 units)**
- Housing Assistance Payment (HAP) to private landlords of approximately \$21.8M (pass-thru) is not included as part of this operating budget

Section 8

- Revenue includes:
 - **Earned Administrative Fees (3,735 units included in estimated funding; Proration of 77% estimated for 2017 and 2018)**
 - **Fraud Recovery**
 - **Grants (Family Self-Sufficiency)**
 - **Investment Income**
 - **Other**
- Expenses include:
 - **Administrative**
 - **Resident Services**
 - **Maintenance**
 - **Insurance/Other**

Section 8

Revenue	\$2,074,930
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Expenses	\$2,074,930
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Net Income/(Loss)	\$-0-
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Central Office Cost Center



Central Office Cost Center

- Agency overhead broken down into divisions:
 - Executive Management
 - Accounting
 - Human Resources
 - Information Systems
 - Purchasing
 - Housing Management
 - Supportive Maintenance

Central Office Cost Center

- Revenues include:
 - **Property Management and Bookkeeping Fees**
 - **Asset Management Fees**
 - **Fees for Service**
 - **Excess Energy Savings**
 - **Investment Income**
- Expenses include:
 - **Administrative**
 - **Maintenance**
 - **Utilities**
 - **Insurance**

Central Office Cost Center

Revenue	\$4,411,760
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Expenses	<u>\$4,830,230</u>
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Subtotal	<u>(\$418,470)</u>
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Capital Expenses	(25,000)
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Operating Transfer In:

KHDC	\$238,070
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MFH	\$205,400	443,470
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Net Income/(Loss)	<u>\$0</u>
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Knoxville's Housing Development Corporation (KHDC)



Knoxville's Housing Development Corporation (KHDC)

- Subsidiary corporation created for entrepreneurial development activities
- Primary non-federal funding source
- Revenue includes:
 - **Ownership and lease of non-dwelling and dwelling properties:**
 - **Dollar General Store**
 - **Head Start Building**
 - **22 Dwelling Units from Passport Homes LP**
 - **Infrastructure Reimbursement Revenue from City of Knoxville**
 - **Investment and Other Income**
- Expenses include:
 - **Administrative**
 - **Maintenance**
 - **Utilities**
 - **Interest Expense**
 - **Insurance**

Knoxville's Housing Development Corporation (KHDC)

Revenue	\$394,250
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Expenses	<u>\$304,190</u>
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Subtotal	\$90,060
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Infrastructure Revenue	\$2,350,000
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Operating Transfer to COCC	<u>(\$238,070)</u>
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Net Income/(Loss)	\$2,201,990
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Redevelopment



Redevelopment

- Redevelopment agent for local government and public entities
- All direct billable projects are handled as a pass-thru and are not part of this operating budget
- Revenue includes:
 - **Tax Increment Financing (TIF) fees from Knox County**
 - **Other Fees (i.e., other TIF deals, PILOT, Dev. Fees TTAHC)**
 - **Billable Overhead**
 - **Leased Parking Lot Revenue**
 - **Investment Income**
- Expenses include:
 - **Administrative Overhead**
 - **Maintenance**
 - **Utilities**
 - **Insurance**

Redevelopment

Revenue	\$320,090
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Expenses	\$123,870
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Net Income/(Loss)	\$196,220
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The Manor



The Manor

- 30 year old supportive living facility located in Northgate Terrace
- 41 available units to eligible residents
- Revenue includes:
 - **\$515 Service Fee**
 - Resident paid, some scholarships based upon need
 - Fee coverage includes wellness checks, meals, light housekeeping, laundry and personal response system
 - **Investment Income**
 - **Donations**
- Expenses include:
 - **Administrative**
 - **Resident services**
 - **Maintenance**
 - **Insurance**

The Manor

Revenue	\$270,890
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Expenses	\$295,500
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Net Income/(Loss)	(\$24,610)
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Multi-Family Housing



Multi-Family Housing Properties by FYE 2018 (433 units; rents for additional 793 units)

- Autumn Landing/Nature's Cove ~ 197 units
- Mechanicsville ~ 48 units (includes 6 mos. initial yr. funds from PH)
- Valley Oaks ~ 48 units (includes 6 mos. initial yr. funds from PH)
- Five Points Sr. Duplexes ~ 20 units (includes 6 mos. initial yr. funds from PH)
- Passport Homes ~ 11 units (6 mos. only)
- Passport Residences ~ 50 units (6 mos. only)
- Verandas ~ 42 units (6 mos. only)
- Five Points Multiplexes ~ 17 units (6 mos. only)
- Contract Rents (In and Out) for the following LPs:
 - Five Points 1 LP ~ 90 units
 - Lonsdale LP ~ 260 units
 - North Ridge Crossing LP ~ 268 units
 - The Vista at Summit Hill LP ~ 175 units

Multi-Family Housing

- Second year program for properties moving from Public Housing to Section 8 Project Based Rental Assistance (PBRA) via the Rental Assistance Demonstration (RAD) tool.
- Revenues include:
 - **Contract Rents (Housing Assistance Payments (HAP) and Tenant Rents)**
 - **Other Tenant Related Charges**
 - **Other Income**
 - **Investment Income**
- Expenses include:
 - **Administrative**
 - **Resident Services**
 - **Maintenance and Security**
 - **Utilities**
 - **Insurance and Other General Expenses**
 - **Replacement Reserves**

Multi-Family Housing

Revenue	\$5,167,480
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Expenses	<u>\$4,710,700</u>
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Subtotal	\$456,780
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Operating Transfer to COCC	<u>(\$205,400)</u>
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Net Income/(Loss)	\$251,380
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Total Agency Operating Programs

Revenue	\$27,780,990
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Expenses	\$27,269,140
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Net Income/(Loss)	\$511,850
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FYE 2018 Estimated Reserves
\$27,991,170

QUESTIONS

